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# Electric Light & Power

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## PNM considers plan to place distribution system in limited partnership to help lower rates

ALBUQUERQUE, NM—Public Service Company of New Mexico (PNM) said it is considering the possibility of placing its electric distribution system in a limited partnership that would have assets of about $400 million.

The utility has been exploring ways to restructure in order to meet recently elected New Mexico Gov. Garrey Carruthers' goal of lower utility rates. New Mexico's first republican governor in 15 years set a goal of an immediate $35 million rate reduction to make the utility competitive with neighboring companies.

"We need to strike a balance between the needs of the ratepayers and PNM's investors," said PNM Senior Vice President and Chief Financial Officer A.J. Robison. "In formulating the reorganization program, considerable attention must be and is being given to protecting and enhancing our investors' values while attempting to meet Gov. Carruthers' goals."

### Central feature

According to PNM, the central feature of its reorganization concept would be the separation of its electric utility operation into independent generation and distribution entities. The company said such a move could result in a $35 million rate decrease.

PNM said the generation company would provide projected power needs of the distribution entity under a 30-year "power security agreement", which would have a pre-set rate structure to provide stabilization and predictability for electric rates.

In addition, the company hopes a restructuring would provide for PNM's gas and water utilities and its non-utility companies to become subsidiaries of the proposed holding company approved by PNM shareholders in May 1986.

### Rejected by commission

That proposal was rejected by the PSC last July, because the commission felt it wouldn't be able to examine the books of PNM's subsidiaries. According to a PNM spokesperson, a bill currently headed for passage by the New Mexico state legislature would grant the commission the right to examine all company records. The bill is supported by the utility.

The holding company would be the general partner of the limited partnership, thus said the company, the power distribution business would continue to be directed by PNM management.

The company first presented the limited partnership proposal to an ad hoc customer task force convened by the state governor. PNM's Robison

Continued on page 11

**EEI's highest honor**

## Three to vie for '87 Edison Medal

Robert A. Lincicome
Editor-in-Chief

WASHINGTON—Three electric utility companies will compete for the 1987 Edison Medal, the highest recognition given by the Edison Electric Institute. The three companies—Minnesota Power, Pacific Gas & Electric and Pennsylvania Power & Light—were nominated for the award by the Edison Award Review Committee, comprised of William Hayes, editor of *Electrical World*, Lucien Smartt, editor of *Public Utilities Fortnightly*, and chaired by this writer.

The three utilities were selected from a total of 10 companies that were recommended by regional nominators as "the electric companies whose achievements in 1986 constituted the most distinguished contributions to the growth and development of the electric light and power industry for the convenience of the public and the benefit of all."

The three utilities have been invited to prepare and submit formal presentations, from which the final winner will be determined. Presentation of the award will be made at the Institute's 55th annual convention in Cincinnati on June 10.

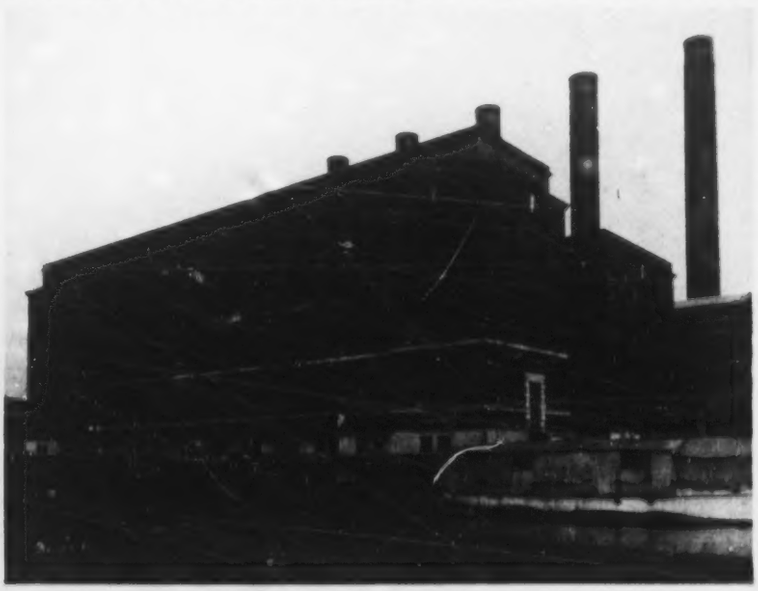
### Achievements described

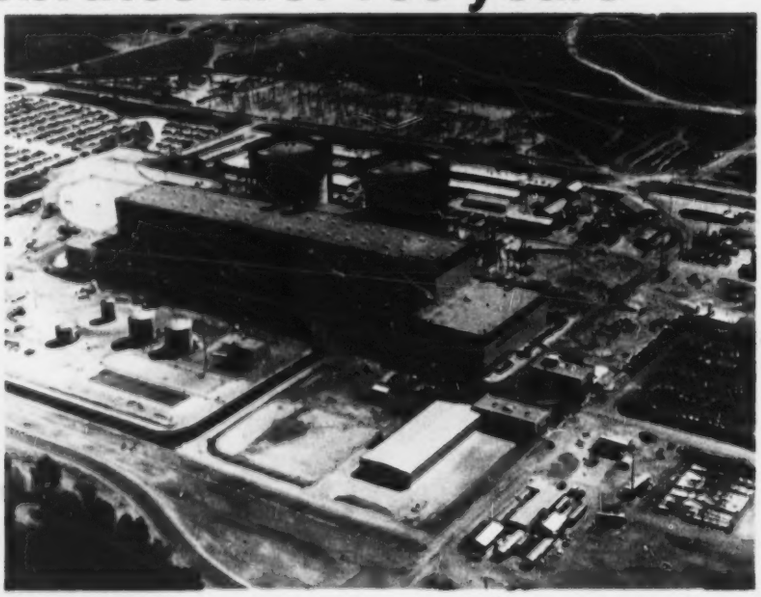
Minnesota Power, *EL&P's* Electric Utility of the Year last November, was nominated for its foresight and deep commitment to revitalization of its service area following the precipitous decline of its primary industrial base, taconite mining. The company has initiated a broad diversification program aimed at creating new jobs and improving the business climate of its service territory. This includes joint development of a $400-million papermill that will result in creation of some 4,000 jobs; a loan program to provide needed financing beyond conventional sources for startup, assistance or expansion; primary support of research aimed at improving the marketability of taconite; and other new and innovative programs aimed at improving the quality of life of its communities and customers. At the same time, the utility has maintained its rates at a level about 30 percent below the national average.

Pacific Gas & Electric was nominated for resisting a powerful effort to make space within its billing envelopes available to public groups for the dissemination of messages with which the utility disagreed. This effort culminated in the successful appeal to the U.S. Supreme Court, and that court's recognition of a utility's right under the First Amendment *not* to help spread a message with which it disagrees. The company also was cited for its leadership role in the coalition of utilities that obtained new

Continued on page 14

## Commonwealth Edison celebrates first 100 years





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President Abraham Lincoln's son Robert Todd and 38 other investors founded the Chicago Edison Company one century ago this month in April 1887. A competitor named Commonwealth Electric Company soon came on the scene and in 1907 the two companies merged to form the Commonwealth Edison Company. This and other stories of the utility's first 100 years are chronicled in a new book of the company's history called "A Spirit Capable" written by Edison's John Hogan. Edison has come a long way since its first generating station, the Fisk plant (I.), was built in 1903. Today the utility has one of the largest nuclear power programs in the country. The company's Dresden station was the first commercial reactor built by an investor-owned utility. At right is the Braidwood station, Edison's newest nuclear plant.

# Environmental progress stalled, says FREE report

WASHINGTON—Wisconsin has the best set of environmental programs in the country, according to a new report from the Fund for Renewable Energy and the Environment (FREE).

The group's first State of the States report compares data on the various state energy and environmental protection programs. FREE noted an "overall stall" in progress for a safer environment.

"As the federal government retreated from its important role of protecting the environment, the states have been left to struggle with both new and existing environmental hazards," noted FREE Executive Director Tina Hobson. "And, because of economic conditions in most states, unless environmental threats are immediate and drastic, action has frequently been delayed, allowing public health dangers, long term environmental damage and an increase in cost for remedial action."

### State rankings

The report ranks the states in air pollution reduction, hazardous waste management, soil conservation, solid waste and recycling and renewable energy and conservation efforts. The top 15 rankings for combined achievement can be found in the accompanying table.

Following are the categories with the top states in parentheses: Air Pollution Reduction (California); Soil Conservation (Iowa); Solid Waste Disposal and Recycling (New Jersey); Hazardous Waste Clean-up (New Jersey); and, Groundwater Protection (New York).

Hobson said the report ranks the states by the relative strength of their legislation and programs. "Not surprisingly," noted the report, "some states with the worst problems have the best programs."

### Tough challenges

The executive director pointed out that states face tough challenges in balancing environmental responsibilities with other societal needs.

"But environmental issues appear to be gaining weight in that balance and we will be formulating a new 'Renew America' environmental agenda for the 100th Congress," stated Hobson.

### Cut backs

As to air pollution, FREE said funding for work in many states has been cut back and further progress may be restricted. The report says the real value of federal funding for air programs decreased 24 percent between 1979 and 1984.

**Combined Ranking of State Programs**

| Rank | State | Total Points (out of 60) |
|---|---|---|
| 1 | Wisconsin | 49 |
| 2 | California | 48 |
| 3 | New Jersey | 47 |
| 4 | Connecticut | 44 |
| 5 | Michigan | 43 |
| | New York | 43 |
| 7 | North Carolina | 42 |
| 8 | Florida | 41 |
| | Illinois | 41 |
| | Massachusetts | 41 |
| 11 | Iowa | 39 |
| 12 | Minnesota | 38 |
| 13 | Maine | 36 |
| | Indiana | 36 |
| 15 | Oregon | 35 |

*(Source: Fund for Renewable Energy & the Environment)*

FREE said, "As a result air monitors have been cut back by 29 percent of the states, only limited work is expected on acid rain, new toxic air pollution programs may not be initiated or fully implemented, and reduction targets for standard pollutants such as sulfur oxides, carbon monoxide, and ozone are not expected to be met."

### Air pollution records

The top ten states for air pollution reduction are California, Connecticut, New Jersey, Wisconsin, Michigan, North Carolina, Ohio, Pennsylvania, Virginia and West Virginia.

Support for development of renewable energy sources has been severely cut, noted the report. Federal research funding for renewable technologies has dropped from $771 million in 1981 to $176 million in 1986.

### Only ten states

"Coupled with this trend," noted FREE, "only ten states have implemented laws and authorities to press utilities for least-cost energy development and seven of the 24 states with solar and conservation tax credits have seen these provisions expire in the last two years."

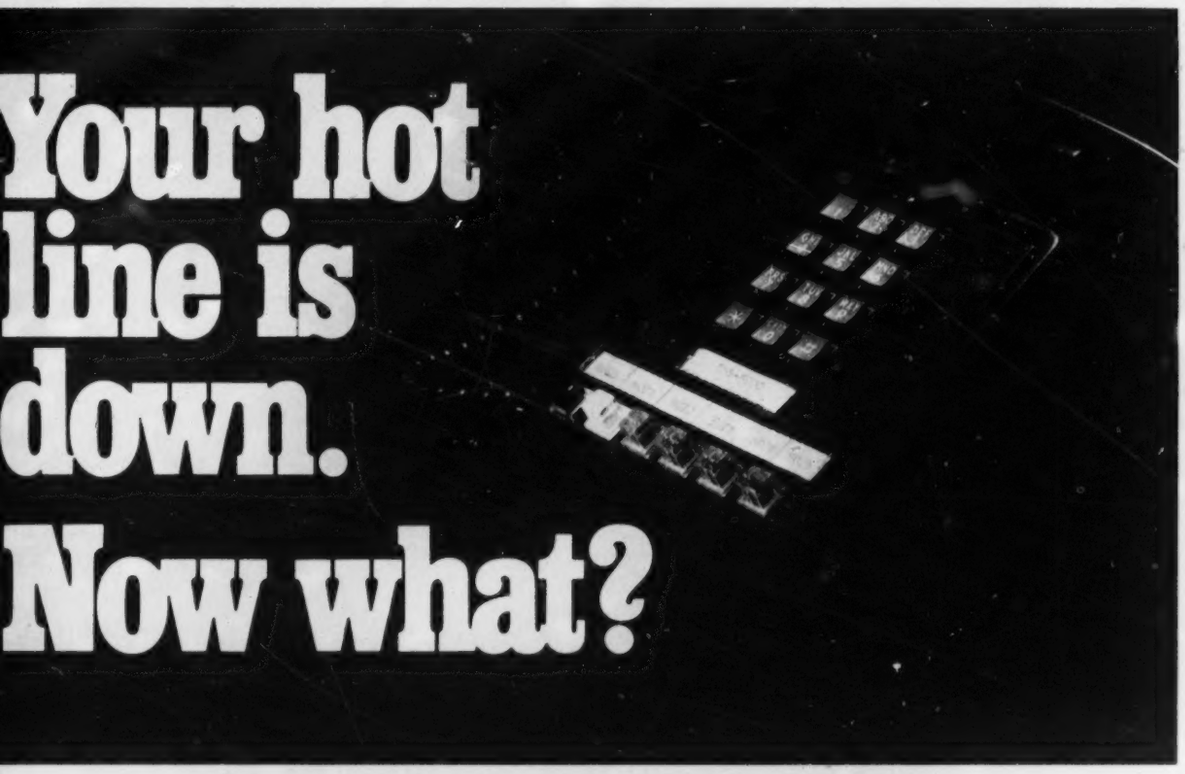
FREE said the six states with the best renewable energy and conservation policies are California, Wisconsin, Indiana, Maine, Massachusetts and Oregon.

### Reached a turning point

"I believe the stall in progress toward a safe environment has reached a turning point. Americans want their public health protected," said FREE Chairman Dennis Hayes. "We also have begun to realize that sustained economic growth is dependent on soil, water, air and other natural resources."

### More information

For more information on the report, contact FREE at (202) 466-6880.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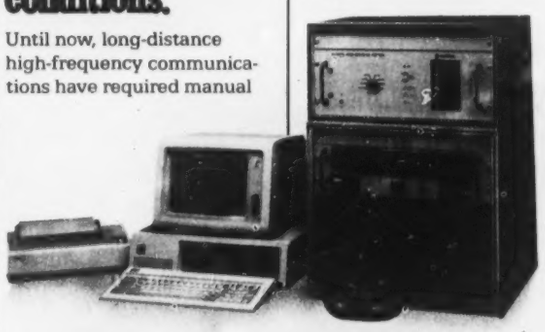

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